

## Message Text

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10

ACTION FBO-01

INFO OCT-01 EA-04 ADP-00 L-03 M-03 A-01 /013 W

----- 108310

R 180825 Z MAY 73 ZDK

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 3976

LIMITED OFFICIAL USE TOKYO 6222

E. O. 11652: N/A

TAGS: ABLD, PINT, JA

SUBJECT: CHANCERY LEASE AND NEW OFFICE BUILDING

1. FONOFF CALLED IN ADMINISTRATIVE COUNSELOR TODAY TO INFORM HIM THAT IT IS "CUSTOMARY" IN JAPAN FOR LESSEES OF NATIONAL LAND TO PAY CERTAIN FEES WHEN NEW BUILDINGS BEING CONSTRUCTED ON SUCH LAND. HE GAVE COPY PERTINENT LAW WHICH BEING TRANSLATED AND WILL BE FORWARDED TO DEPARTMENT. IN ESSENCE, FEE AMOUNTS TO 12 PERCENT OF LAND VALUE USED IN COMPUTING INHERITANCE TAX. IN CASE OF CHANCERY SITE

INHERITANCE TAX VALUE IS Y1.2 BILLION, AND FEE WOULD THEREFORE BE APPROXIMATELY Y144 MILLION. FONOFF REPRESENTATIVE POINTED OUT THAT THERE IS POSSIBILITY OF EMBASSY EXEMPTION FROM THIS FEE, AND THAT MINISTRY OF FINANCE IS EXAMINING THIS QUESTION CAREFULLY. HE FIRMLY STATED, HOWEVER, THAT APPROVAL OF MINISTRY OF FINANCE IS REQUIRED BEFORE NEW CONSTRUCTION CAN BEGIN ON LEASED NATIONAL LAND. AS A FINAL NOTE, HE INDICATED THAT MINISTRY OF FINANCE WILL FIND IT VERY DIFFICULT AGREE TO NEW CONSTRUCTION ON CHANCERY SITE UNTIL QUESTION OF LEASE PAYMENTS HAS BEEN RESOLVED. EMBASSY ANTICIPATED THIS DEVELOPMENT IN AUGUST 1972 (SEE TOKYO 8730).

2. THIS OBVIOUSLY MAKES EVEN MORE URGENT EARLY DECISION BY DEPARTMENT ON WHOLE QUESTION OF LEASE PAYMENTS OR CONVERSION OF US INTEREST INTO FEE SIMPLE. IN ADDITION, WE SOON MUST SEEK THE REQUIRED PERMISSION FOR

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CONSTRUCTION.

3. PLEASE ADVISE.

4. COMMENT: IN FINAL ANALYSIS, WE BELIEVE THAT EMBASSY  
WILL BE ABLE OBTAIN WAIVER OF " FEE"; BUT PERMISSION TO  
CONSTRUCT, WHILE NORMALLY PRO FORMA, COULD BE  
REAL STICKING POINT. IF GOJ DECIDES MAKE ISSUE OF  
THIS, WE CAN FORSEE HOST OF PROBLEMS WHICH CAN CAUSE  
DELAYS AND ULTIMATELY JEOPARDIZE WHOLE NEW BUILDING  
PROJECT.  
INGERSOLL

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NMAFVVZCZ

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 MAY 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** elyme  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Executive Order:** n/a  
**Errors:** n/a  
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**Previous Handling Restrictions:** n/a  
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